

GAO

Briefing Report to the Ranking
Minority Member, Committee on
Governmental Affairs, U.S. Senate

August 1989

VETERANS' BENEFITS

Allegations Concerning Claims Adjudication at Wilmington, Delaware, Center



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Human Resources Division

B-236454

August 31, 1989

The Honorable William V. Roth, Jr.
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

Dear Senator Roth:

In your letter of October 21, 1988, you asked us to investigate certain allegations regarding veterans' health services and the adjudication of disability compensation claims at the Department of Veterans' Affairs (VA) Medical and Regional Office Center, Wilmington, Delaware. This report addresses the allegations concerning the adjudication of compensation claims. We will send you a separate report on the health services allegations.

To respond to your request, we reviewed VA statistics on claims processing workload and timeliness, examined VA reports on regional adjudication activities and memorandums on operational problems and corrective actions, reviewed selected disability claims folders to determine processing time and the availability of medical evidence, and interviewed officials of both the Wilmington medical center and the regional office. This review was done in accordance with generally accepted government audit standards.

On May 10, 1989, we briefed your staff on the results of our work, using slides replicated in figures 1 through 10 (attached). Figures 1 and 2 show the allegations and our review scope and methodology, respectively. Figures 3 through 8 show the Wilmington Center's identification of problems causing claims processing delays and corrective actions taken, and its timeliness in processing initial and reopened claims. Figures 9 and 10 show the unsubstantiated allegations and Wilmington's planned initiatives, respectively.

**Delays in Claims
Adjudication Found**

For the 2 years ending March 1989, the Wilmington Center failed to meet VA's timeliness standard for processing initial claims for disability benefits. Center officials told us that they were not meeting the standard because of reduced staffing, decentralization of claims handling, and delays in getting medical examinations completed.

To improve timeliness in processing claims, the Wilmington Center has done the following:

- Established a 45-day criterion for completing medical examinations and providing the reports to claims adjudicators (15 days less than the national VA maximum). Center officials told us that the time required to obtain medical examinations was a major cause for the Center's delays in processing claims.
- Realigned its workload with neighboring regional offices, which has enabled it to decrease its medical examination backlog from 241 to 174 cases (about 28 percent) between December 1988 and April 1989. Beginning in July 1988, VA required that regional offices send requests for medical examinations directly to the VA medical center nearest to the veteran's residence, as determined by postal zip code. This process (called decentralization) significantly increased Wilmington's medical exam caseload, with the excess largely coming from the northern Maryland, southern New Jersey, and southeastern Pennsylvania areas. Through negotiations with neighboring VA regional offices, Wilmington realigned its medical examination workload and now receives fewer requests from neighboring jurisdictions.

As shown in figure 5, the Wilmington Center's timeliness in processing initial disability compensation claims has improved since 1987. For example, during the 12 months ending in March 1989, it processed 65 percent of initial claims within 180 days, just below VA's standard of 70 percent. Similarly, figure 6 shows that the Wilmington Center has reduced the number of days required to process initial claims. In fact, during the period October 1988-March 1989, the Center's average processing time was below the average for the 13 regional offices in the northeast.

Wilmington also processed 84 percent of reopened claims¹ within 180 days during the 12 months ending in March 1989, just below VA's standard of 86 percent (see fig. 7).

Social Security and VA Ratings Not Comparable

One veteran questioned why his VA disability rating was lower in percentage than his Social Security Disability Insurance program rating.

Because the laws and rules covering Social Security Disability Insurance and VA disability differ, we found no basis for comparing the disability ratings of these two systems. The Social Security system requires a person to be classified as totally disabled to receive any benefits. Under the

¹ Reopened claims come from a variety of sources. For example, they include instances where the initial claim was denied or the veteran seeks to have an initial disability rating increased.

VA system, individuals may be partially disabled and obtain benefits that increase as the disability rating increases.

Other Allegations Unsubstantiated

We found no evidence to substantiate the allegations that at the Wilmington Center

- case reviews were incomplete because the rating board physician was unqualified,
- service connection was not properly documented, or
- quotas for denied claims were established.

Other Initiatives Planned by Center

During our investigation, Center officials told us about plans to

- increase from 18 to 24 the number of weekly openings for medical examinations. (This will increase the number of medical examinations that can be given by about 300 per year and should improve the timeliness of processing claims.)
- restrict contracting-out for medical examinations to psychiatric and orthopedic examinations only. (The Center has experienced delays in medical examinations that were contracted out. It now plans to contract out only examinations that cannot be done within the medical center.)
- eliminate the routine ordering of medical specialty examinations for initial claims unless the examining physician decides that a specialty examination is needed. (This is expected to improve claims processing timeliness by 30 days.)
- incorporate the VA claims processing timeliness standards into the performance contracts of both the regional office director and the medical center director.

As requested by your office, we did not obtain formal agency comments on this briefing report. However, we discussed its contents with Wilmington Center officials and with VA central office officials and incorporated their comments as appropriate.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this briefing report until 30 days from its issue date. At that time, we will send copies to interested congressional committees, the Secretary of Veterans Affairs, and other interested parties. Major contributors to the report are listed in appendix I.

Sincerely yours,



Franklin Frazier
Director, Income Security Issues
(Disability and Welfare)

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Abbreviations

VA Department of Veterans' Affairs

Veterans Benefits: Allegations Concerning Claims Adjudication at Wilmington, Delaware, Center

Figure 1:

GAO Study Objectives

- **GAO to Investigate**
 - Delays in the adjudication process
 - Incomplete reviews
 - Documentation problem
 - Quotas for denials
 - Social Security vs. VA determinations

Figure 2:

Scope & Methodology

- **Scope**
 - VA Medical & Regional Office
Center, Wilmington, DE

- **Methodology (Data Sources)**
 - Contacts with VA Officials
 - Case reviews
 - Statistical data --
national vs. local
 - VA reports

Figure 3:

Delays In Claims Processing at Wilmington Center

- **Problems Identified by Center**
 - Reduced staffing
 - Medical exam delays
 - Decentralization of claims processing

- **Corrective Actions Taken**
 - Set New Exam Processing Time
 - Modified decentralization
 - Decreased compensation exam backlog

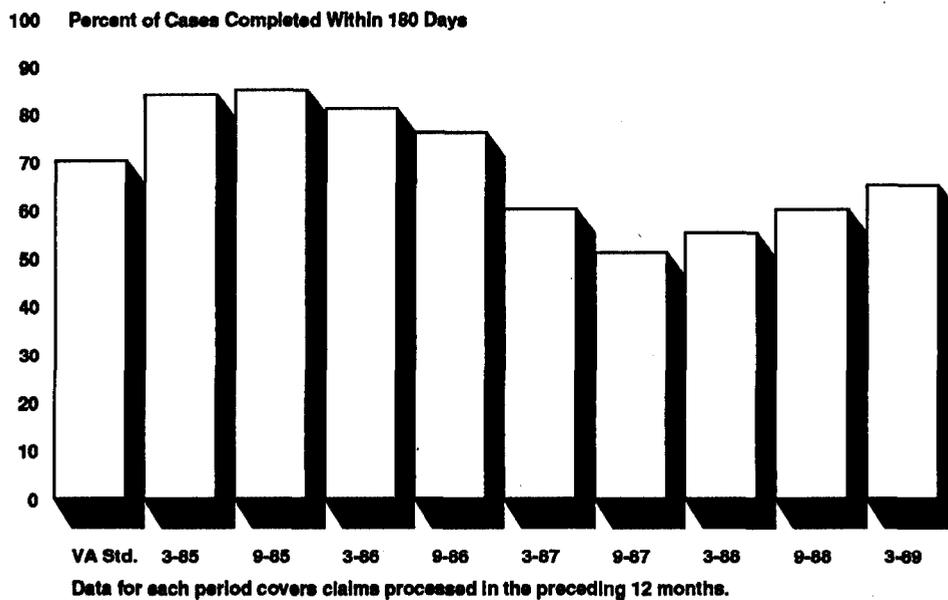
Figure 4:

VA Claims Timeliness Standards

- **Overall Processing Timeliness**
 - Initial claims -
70% completed in 180 days
 - Reopened claims -
86% completed in 180 days

Figure 5:

Wilmington Center's Timeliness in Processing Initial Claims



Veterans Benefits: Allegations Concerning
Claims Adjudication at Wilmington,
Delaware, Center

Figure 6:

Wilmington v. Northeast Center: Initial Claims Timeliness

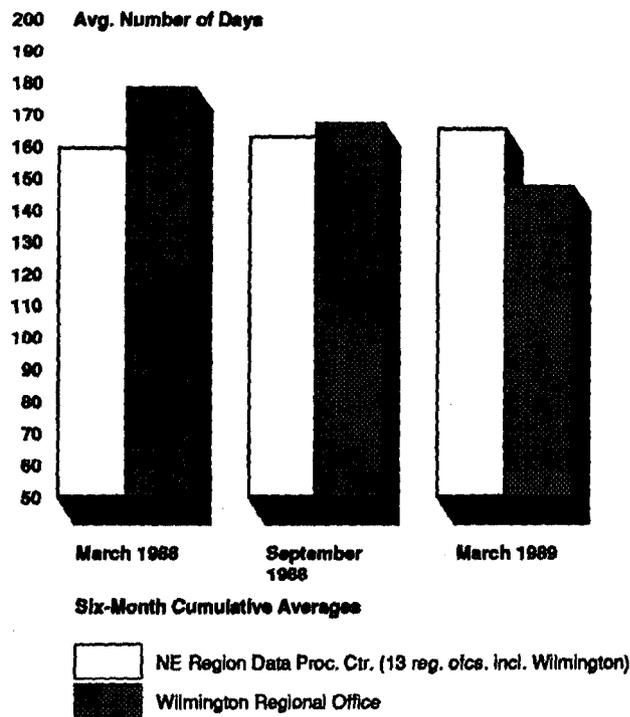


Figure 7:

Wilmington Center's Timeliness in Processing Reopened Claims

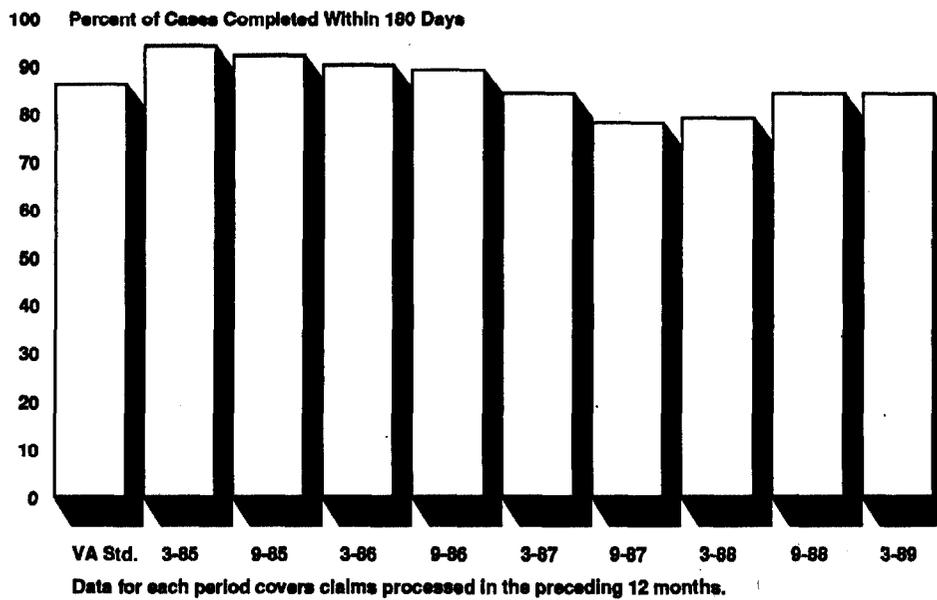


Figure 8:

Wilmington v. Northeast Center: Reopened Claims Timeliness

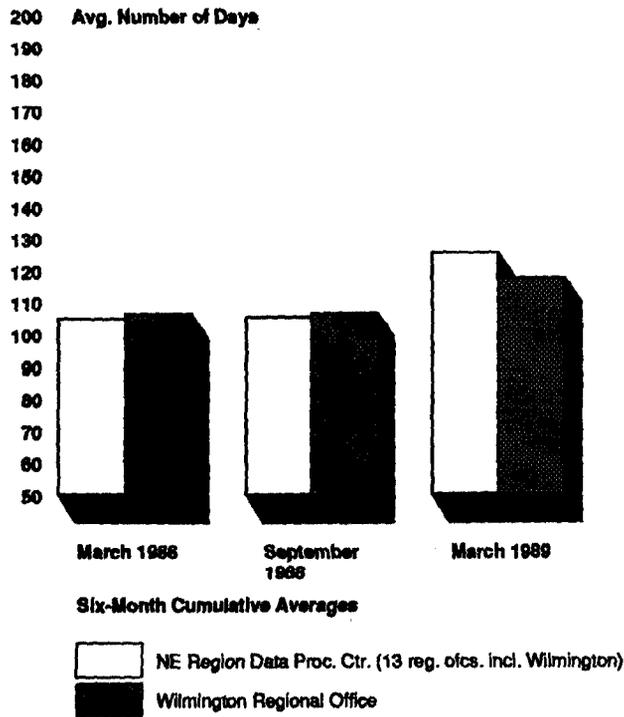


Figure 9:

Other Allegations Not Substantiated

- Incomplete reviews
 - No basis for complaint
- Documentation problem
 - VA-wide
- Quotas for denials
 - No basis for complaint
- Social Security vs. VA determinations
 - Different laws and rules

Figure 10:

Wilmington Center's Planned Initiatives

- Increase openings for exams
- Contract out psychiatric & orthopedic exams only
- Eliminate routine specialty exams for initial claims
- Make directors accountable for meeting timeliness standards

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